

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BELL SOUTH	)	
TELECOMMUNICATIONS, INC. FOR APPROVAL	)	
OF THE RESALE AGREEMENT NEGOTIATED	)	
BY BELL SOUTH TELECOMMUNICATIONS, INC.	)	CASE NO. 96-353
AND SOUTHEAST TELEPHONE, LTD.	)	
PURSUANT TO SECTIONS 251 AND 252 OF	)	
THE TELECOMMUNICATIONS ACT OF 1996	)	

O R D E R

On July 22, 1996, BellSouth Telecommunications, Inc. ("BellSouth") and SouthEast Telephone, LTD. ("SouthEast") submitted to the Commission their negotiated agreement for the interconnection of their networks, the unbundling of specific network elements offered by BellSouth, and the purchase of BellSouth services for resale by SouthEast. The agreement was negotiated pursuant to the Telecommunications Act of 1996 ("1996 Act"), 47 U.S.C. Sections 251 and 252. Section 251(e) of the 1996 Act requires the parties to an interconnection agreement adopted by negotiation to submit the agreement for approval to the Commission.

The agreement includes a detailed schedule of itemized charges for interconnection, services, and network elements. The Commission has extensively reviewed the agreement and finds that no portion of the agreement discriminates against a telecommunications carrier not a party to the agreement. The Commission also finds that the implementation of this agreement is consistent with the public interest, convenience and necessity.

The Commission, having been otherwise sufficiently advised, HEREBY ORDERS  
that:

1. The negotiated agreement between BellSouth and SouthEast, which is attached hereto and incorporated herein, is approved.
2. SouthEast shall file a tariff for local service prior to providing local service giving 30 days notice to the Commission, and shall comply with all Commission regulations and orders as directed.

Done at Frankfort, Kentucky, this 16th day of October, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 96-353 DATED OCTOBER 16, 1996

*Legal*

BellSouth Telecommunications, Inc. Fax 502 582-1573  
P.O. Box 32410 502 582-8219  
Louisville, Kentucky 40232

Creighton E. Mershon, Sr.  
General Counsel

July 18, 1996

RECEIVED  
JUL 22 1996  
PUBLIC SERVICE  
COMMISSION

Mr. Don Mills  
Executive Director  
Public Service Commission  
730 Schenkel Lane  
P. O. Box 615  
Frankfort, KY 40602

Re: Approval of the Resale Agreement Negotiated by BellSouth  
Telecommunications, Inc., ("BellSouth") and SouthEast Telephone,  
LTD. pursuant to Sections 251 and 252 of the Telecommunications Act  
of 1996


*Case No. 96-353*

Dear Mr. Mills:

Pursuant to section 252(e) of the Telecommunications Act of 1996, BellSouth and SouthEast Telephone LTD. are submitting to the Kentucky Public Service Commission their negotiated agreement for the purchase of BellSouth's telecommunications services for the purpose of resale to end users by SouthEast Telephone, LTD.

Pursuant to section 252(e) of the Act, the Commission is charged with approving or rejecting the negotiated agreement between BellSouth and SouthEast Telephone, LTD. within 90 days of its submission. The Act provides that the Commission may reject such an agreement if it finds that the agreement or any portion of the agreement discriminates against a telecommunications carrier not a party to the agreement or the implementation of the agreement or any portion of the agreement is not consistent with the public interest, convenience and necessity. Both parties aver that neither of these reasons exist as to the agreement they have negotiated and, therefore, that the Commission shall grant prompt approval of their agreement.

Very truly yours,



Creighton E. Mershon, Sr.  
General Counsel-Kentucky  
BellSouth Telecommunications, Inc.

Thomas A. Marshall  
Counsel for SouthEast Telephone, LTD.  
212 Washington Street  
Frankfort, KY 40602

Enclosure

Agreement Between BellSouth Telecommunications, Inc. and  
SouthEast Telephone, LTD. Regarding The Sale of BSTU  
Telecommunications Services to Reseller For The Purposes of  
Resale

RECEIVED  
JUL 22 1996  
PUBLIC SERVICE  
COMMISSION

THIS AGREEMENT is by and between BellSouth Telecommunications, Inc.,  
(BellSouth or Company), a Georgia corporation and SouthEast Telephone, LTD, a  
Kentucky Limited Partnership, (Reseller) and shall be deemed effective as of  
July 1, 1996.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company  
authorized to provide telecommunications services in the state of Alabama,  
Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South  
Carolina, and Tennessee; and

WHEREAS, Reseller is a competing telecommunications service provider  
authorized (or who may become authorized) to provide telecommunications  
services in some or all of these same states; and

WHEREAS, Reseller desires to resell BellSouth's telecommunications  
services; and

WHEREAS, BellSouth has agreed to provide such services to Reseller for  
resale purposes and pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual premises and  
promises contained herein, BellSouth and Reseller do hereby agree as follows:

I. Term of the Agreement

A. The term of this Agreement shall be two years beginning July 1, 1996  
and shall apply to all of BellSouth's serving territory as of January 1, 1996  
in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi,  
North Carolina, South Carolina and Tennessee.

B. This Agreement shall be automatically renewed for two additional one  
year periods unless either party indicates its intent not to renew the  
Agreement.

C. This Agreement by which Reseller is to purchase services from  
BellSouth for resale shall be at a discount rate off of the retail rate for  
the telecommunications service. The discount rates shall be set forth as in  
Exhibit A, attached hereto and incorporated herein by this reference. Such  
discounts shall reflect the costs avoided by BellSouth when selling a service  
for wholesale purposes.

II. Definition of Terms

A. CUSTOMER CODE means the three digit number following a customer's  
telephone number as shown on the customer's bill.

B. CUSTOMER OF RECORD means the entity responsible for placing  
application for service; requesting additions, rearrangements, maintenance or

discontinuance of service; payment in full of charges incurred such as toll and directory assistance.

C. DEPOSIT means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company .

D. END USER means the ultimate user of the telecommunications services.

E. END USER CUSTOMER LOCATION means the physical location of the premises where an end user makes use of the telecommunications services.

F. NEW SERVICES means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.

G. OTHER LOCAL EXCHANGE COMPANY (OLEC) (or Competing Telecommunications Service Provider) means a telephone company certificated by the applicable Public Service Commission to provide local exchange service within the Company's franchised area. The terms "Other Local Exchange Company" and "Competing Telecommunications Service Provider" may be interchangeable in the Agreement.

H. RESALE means an activity wherein a certificated OLEC, such as Reseller subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").

I. RESALE SERVICE AREA means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as Reseller, may offer resold local exchange telecommunications services.

### III. General Provisions

✓ A. Reseller may resell the tariffed local exchange and toll telecommunications services of BellSouth subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the following are not available for purchase: Grandfathered services; promotional and trial retail service offerings; lifeline and linkup services; contract service arrangements; installment billing options; 911 and E911 services; interconnection services for mobile service providers; and legislatively or administratively mandated specialized discounts (e.g., education institution discount).

B. The provision of services by the Company to the Reseller does not constitute a joint undertaking for the furnishing of any service.

C. Reseller will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from Reseller for all services.

D. Reseller will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.

E. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.

F. The Company maintains the right to serve directly any end user within the service area of Reseller. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of Reseller.

G. Reseller shall not interfere with the right of any person or entity to obtain service directly from the Company. An agreement between the Reseller and an end user for exclusive service for a specified period of time shall not be deemed to be a violation of this sub-section.

H. In most circumstances, the current telephone number of an end user may be retained by the end user unless the end user has past due charges associated with the BellSouth account for which payment arrangements have not been made. The Company will not, however, make the end user's previous telephone number available to Reseller until the end user's outstanding balance has been paid.

I. Telephone numbers are assigned to the service furnished. Reseller has no property right to the telephone number or any other call number designation associated with services furnished by the Company and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business.

J. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms at the discounts in Exhibit A to Reseller.

K. Service is furnished subject to the condition that it will not be used for any unlawful purpose.

L. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law. The service to be discontinued is only the service of that end user. Notice must be given by Company to Reseller that the Company has been so advised.

M. The Company can refuse service when it has grounds to believe that service will be in violation of the law.

N. The Company accepts no responsibility for any person for any unlawful act committed by Reseller or its end users as part of providing service to Reseller for purposes of resale or otherwise.

O. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of Reseller will be directed to Reseller. The Company will bill Reseller for actual costs incurred for implementing any requests by law enforcement agencies regarding Reseller end users.

P. The characteristics and methods of operations of any circuits, facilities or equipment provided by other than the Company shall not:

1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;
2. Cause damage to their plant;
3. Impair the privacy of any communications; or
4. Create hazards to any employees or the public.

Q. Reseller assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by it.

R. Facilities and/or equipment utilized by BellSouth to provide service to Reseller remain the property of BellSouth.

S. White page directory listings will be provided in accordance with regulations set forth in applicable tariffs of the General Subscriber Service Tariff and will be available for resale where technically feasible.

#### IV. BellSouth's Provision of Services to Reseller

A. Reseller agrees that its resale of BellSouth services shall be as follows:

1. The Resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent Reseller is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, Reseller agrees that it shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For purposes of this subsection, to jointly market means any advertisement, marketing effort or billing which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by Reseller are packaged tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale agreements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier. At the time of the execution of this Agreement, it is agreed that Reseller does not serve greater than 5% of the nation's presubscribed access lines.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to COCOTS customers. Shared Tenant Service customers can only be sold those telecommunications services available in the applicable section of the Company's tariff.

✓ 4. Reseller is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2.3.2.A. of the Company's tariff.

5. The Company reserves the right to periodically audit services purchased by Reseller to establish authenticity of use. Such audit shall not occur more than once in a calendar year. Reseller shall make any and all records and data available to the Company or the Company's auditor's on a reasonable basis. The Company shall bear the cost of said audit.

6. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Reseller will be notified and billing at the appropriate tariff rate less the applicable discount rate for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at the rate of 0.000590 per day, compounded daily for the number of days from the back billing date to and including the date that Reseller actually makes the payment to the Company may be assessed.

✓ B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g., a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23. of the Company's Tariff referring to Shared Tenant Service.

C. Reseller may resell services only within the specific resale service area as defined in its certificate.

D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.

#### V. Maintenance of Services

✓ A. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.

B. Reseller or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

C. Reseller accepts responsibility to notify the Company of situations that arise that may result in a service problem.

D. Reseller will be the Company's single point of contact for all repair calls on behalf of Reseller's end users.



E. Reseller will contact the appropriate repair centers in accordance with procedures established by the Company.

F. For all repair requests, Reseller accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.

G. The Company will bill Reseller for handling troubles that are found not to be in the Company's network pursuant to its standard price list, time and material charges

H. The Company reserves the right to contact Reseller's customers, if deemed necessary, for maintenance purposes. The Company shall not solicit Reseller's customer business when performing such maintenance unless specifically requested by the customer.

#### VI. Establishment of Service

A. After receiving certification as a local exchange company from the appropriate regulatory agency, Reseller will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Reseller. Such documentation shall include the Applications for Master Account, proof of authority to provide telecommunications services, an Operating Company Number (OCN) assigned by the National Exchange Carriers Association (NECA) and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.

B. Service orders will be in a standard format designated by the Company.

C. When notification is received from Reseller that a current customer of the Company will subscribe to Reseller's service, standard service order intervals for the appropriate class of service will apply.

D. When an existing customer of the Company switches to Reseller, Reseller must provide the Company with the Customer Code or Codes, when multiple codes apply, for that end user.

✓ E. The Company will not require end user confirmations prior to establishing service for Reseller's end user customer. Reseller must, however, be able to demonstrate end user authorization upon request.

F. Reseller will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services, except that the Company will accept a request directly from the end user for conversion of the end user's service from Reseller to the Company or will accept a request from another OLEC for conversion of the end user's service from the Reseller to the other LEC. The Company will notify Reseller that such a request has been processed.

G. If the Company determines that an unauthorized change in local service to Reseller has occurred, the Company will establish service with the appropriate local service provider and will assess Reseller as the OLEC initiating the unauthorized change, an unauthorized change charge as specified in F.C.C. Tariff No. 1, Section 13.3.3. Appropriate

nonrecurring charges, as set forth in Section A4, of the General Subscriber Service Tariff, will also be assessed to Reseller.

These charges will be adjusted if Reseller provides satisfactory proof of authorization.

	Nonrecurring Charge
(a) each Residence or Business line	\$19.41
(b) each Public or Semi-Public line	\$34.19

H. The Company will, in order to safeguard its interest, require Reseller to make a deposit to be held by the Company as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

I. Such deposit may not exceed two months' estimated billing.

J. The fact that a deposit has been made in no way relieves Reseller from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.

K. The Company reserves the right to increase the deposit requirements when, in its sole judgment, the conditions justify such action. Such increases shall be consistent with deposit requirements set forth in this Agreement and after notification to Reseller of thirty (30) days.

L. In the event that Reseller defaults on its account, service to Reseller will be terminated and any deposits held will be applied to its account.

M. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to Reseller during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to Reseller by the accrual date.

#### VII. Payment And Billing Arrangements

A. When the initial service is ordered by Reseller, the Company will establish an accounts receivable master account for Reseller.

B. The Company shall bill Reseller on a current basis all applicable charges and credits.

C. Payment of all charges will be the responsibility of Reseller. Reseller shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Reseller from Reseller's customer. The Company will not become involved in billing disputes that may arise between Reseller and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.

D. The Company will render bills each month on established bill days for each of Reseller's accounts.

E. The Company will bill Reseller in advance charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, on an individual end user account level.

F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

G. Upon proof of tax exempt certification from Reseller, the total amount billed to Reseller will not include any taxes due from the end user. Reseller will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

H. As the customer of record, Reseller will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.

I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be the lessor of:

1. The highest interest rate (in decimal value) which may be levied by law for commercial transaction, compounded daily for the number of days from the payment due date to and including the date that Reseller actually makes the payment to the Company, or
2. 0.000590 per day, compounded daily for the number of days from the payment due date to and including the date that Reseller actually makes the payment to the Company.

J. Any Carrier Common Line charges (CCL) associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company.

K. The Company will not perform billing and collection services for Reseller as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.

L. Until such time as the Company receives permission from the FCC to bill the End User Common Line (EUCL) charge to Reseller, the Company will, on an interim basis, bill the charges shown below, which are identical to the EUCL rates billed by BST to its end users.

	Monthly Rate
1. Residential	
(a) Each Individual Line or Trunk	\$3.50
2. Single Line Business	
(b) Each Individual Line or Trunk	\$3.50
3. Multi-line Business	
(c) Each Individual Line or Trunk	\$6.00

M. In general, the Company will not become involved in disputes between Reseller and Reseller's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Reseller shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with Reseller to resolve the matter in as timely a manner as possible. Reseller may be required to submit documentation to substantiate the claim.

N. Reseller is responsible for payment of all appropriate charges for completed calls, services, and equipment. If objection in writing is not received by the Company within thirty days after the bill is rendered, the account shall be deemed correct and binding upon Reseller.

#### VIII. Discontinuance of Service

A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to Reseller's end user on behalf of, and at the request of, Reseller. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Reseller.
2. At the request of Reseller, the Company will disconnect a Reseller end user customer.
3. All requests by Reseller for denial or disconnection of an end user for nonpayment must be in writing.
4. Reseller will be made solely responsible for notifying the end user of the proposed disconnection of the service.
5. The Company will continue to process calls made to the Annoyance Call Center and will advise Reseller when it is determined that annoyance calls are originated from one of their end user's

locations. The Company shall be indemnified, defended and held harmless by Reseller, and/or the end user against any claim, loss or damage arising from providing this information to Reseller. It is the responsibility of Reseller to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to Reseller are as follows:

1. The Company reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Reseller of the rules and regulations of the Company's Tariffs. Prior to suspension or termination of service, Company will notify Reseller of the possible grounds for such suspension or termination and provide for a period of correction of same. The suspension or termination of such service shall be limited to that service for which there is nonpayment, unlawful or improper use, abuse or violation, or other violation or non-compliance. If Company and Reseller do not reach agreement regarding such suspension or termination, then the parties may petition the appropriate regulatory agency for resolution of the issue. Such petition will not limit the Company's ability to suspend or terminate the service.

2. If payment of account is not received by the bill day in the month after the original bill day, the Company may provide written notice to Reseller, that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. If the Company does not refuse additional applications for service on the date specified in the notice, and Reseller's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service without further notice.

3. In payment of account is not received, or arrangements made by the bill day on the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.

4. If Reseller fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty days written notice to the person designated by Reseller to receive notices of noncompliance, discontinue the provision of existing services to Reseller at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the thirty days notice, and Reseller's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to Reseller without further notice.

5. If payment is not received or arrangements made for payment by the date given in the written notification, Reseller's services will be discontinued. Upon discontinuance of service on a Reseller's account, service to Reseller's end users will be denied. The

Company will also reestablish service at the request of the end user or Reseller upon payment of the appropriate connection fee and subject to the Company's normal application procedures.

6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

#### IX. Liability and Indemnification

A. (1) With respect to any claim or suit, whether based in contract, tort or any other theory of legal liability, by SouthEast Telephone, and SouthEast Telephone customer or by any other person or entity, for damages associated with any of the services provided by BellSouth pursuant to or in connection with this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of the remainder of this Article IX, BellSouth's liability shall be limited to an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected. Notwithstanding the foregoing, claims for damages by SouthEast Telephone, any SouthEast Telephone customer or any other person or entity resulting from the gross negligence or willful misconduct of BellSouth and claims for damages by SouthEast Telephone resulting from the failure of BellSouth to honor in one or more material respects any one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

(2) With respect to any claim or suit, whether based in contract, tort or any other theory of legal liability, by BellSouth, any BellSouth customer or by any other person or entity, for damages associated with any of the services provided by SouthEast Telephone pursuant to or in connection with this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of the remainder of this Article IX, SouthEast Telephone's liability shall be limited to an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected. Notwithstanding the foregoing, claims for damages by BellSouth, any BellSouth customer or any other person or entity resulting from the gross negligence or willful misconduct of SouthEast Telephone and claims for damages by BellSouth resulting from the failure of SouthEast Telephone to honor in one or more material respects any one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

B. Neither party shall be liable for any act or omission of any other telecommunications company to the extent such other telecommunications company provides a portion of a service.

C. Neither party shall be liable for damages to the other party's terminal location, POI or the other party's customers' premises resulting from the furnishing of a service, including but not limited to the installation and removal of equipment and associated wiring, except to the extent the damage is caused by such party's gross negligence or willful misconduct.

D. Notwithstanding subsection A., the party providing services under this Agreement, its affiliates and its parent company shall be

indemnified, defended and held harmless by the party receiving such services against any claim, loss or damage arising from the receiving party's use of the services provided under this Agreement involving: 1) claims for libel, slander, invasion of privacy or copyright infringement arising from the content of the receiving party's own communications; 2) any claim, loss, or damage claimed by the receiving party's customer(s) arising from such customer's use of any service, including 911/E911, that the customer has obtained from the receiving party and that the receiving party has obtained from the supplying party under this Agreement; or 3) all other claims arising out of an act or omission of the receiving party in the course of using services provided pursuant to this Agreement. Notwithstanding the foregoing, to the extent that a claim, loss or damage is caused by the gross negligence or willful misconduct of a supplying party the receiving party shall have no obligation to indemnify, defend and hold harmless the supplying party hereunder.

E. Neither party guarantees or makes any warranty with respect to its services when used in an explosive atmosphere. Notwithstanding subsection a., each party shall be indemnified, defended and held harmless by the other party or the other party's customer from any and all claims by any person relating to the other party or the other party's customer's use of services so provided.

F. No license under patents (other than the limited license to use in the course of using a service provided pursuant to this Agreement) is granted by one party to the other or shall be implied or arise by estoppel, with respect to any service offered pursuant to this Agreement. Notwithstanding subsection A., the party providing a service pursuant to this Agreement will defend the party receiving such service against claims of patent infringement arising solely from the use by the receiving party of such service and will indemnify the receiving party for any damages awarded based solely on such claims. Such indemnification shall not, however, extend to claims for patent infringement to the extent the alleged infringement results from:

(1) Modification of the service by someone other than the providing party and/or its subcontractors, where there would be no such infringement or violation in the absence of such modification; or

(2) The combination, operation or use of the service with any product, data or apparatus not provided by the providing party and/or its subcontractors, where there would be no such infringement or violation in the absence of such combination, operation or use.

G. Promptly after receipt of notice of any claim or the commencement of any action for which a party may seek indemnification pursuant to this Article IX, such party (the "Indemnified Party") shall promptly give written notice to the other party (the "Indemnifying Party") of such claim or action, but the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability it may have to the Indemnified Party except to the extent the Indemnifying Party has actually been prejudiced thereby. The Indemnifying Party shall be obligated to assume the defense of such claim, at its own expense. The Indemnified Party shall cooperate with the Indemnifying Party's expense. The Indemnified Party shall have the right to participate in the investigation and defense of such claim or action, with separate counsel chosen and paid for by the Indemnified Party.

H. A party's failure to provide or maintain services offered pursuant to this Agreement shall be excused to the extent such failure is the

result of labor difficulties, governmental orders, civil commotion, criminal acts taken against such party, acts of God or other circumstances beyond such party's reasonable control.

#### **X. Treatment of Proprietary and Confidential Information**

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend or when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

#### **XI. Resolution of Disputes**

Except as other wise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable Public Service Commission or other similarly authoritative state regulatory body for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by the such Public Service Commission concerning this Agreement.

#### **XII. Limitation of Use**

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

#### **XIII. Waivers**

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.



#### XIV. Governing Law

This Agreement shall be governed by and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflict of laws principles. Venue for any enforcement or interpretation of this Agreement shall be Louisville, Kentucky.

#### IV. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

#### XVI. Notices

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.  
ATTN: Richard Dender  
3535 Colonnade Parkway  
Birmingham, AL 35243

SouthEast Telephone, LTD  
P.O. Box 1001  
Pikeville, KY 41502-1001

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

#### XVIII. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XVII. Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

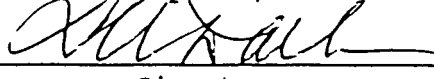
BellSouth Telecommunications, Inc.

BY:   
Signature

NAME: ROBERT C SCHBYE  
Printed Name

TITLE: Sr DIR

SouthEast Telephone, LTD.

BY:   
Signature

NAME: LUCIAN A. DADE  
Printed Name

TITLE: VICE PRESIDENT

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by Reseller for the purposes of resale to Reseller end users shall be available at the following discount off of the retail rate.

<u>STATE</u>	<u>RESIDENCE</u>	DISCOUNT	<u>BUSINESS</u>
ALABAMA	10%		10%
FLORIDA	18%		12%
GEORGIA	11.6%		9.6%
KENTUCKY	10%		8%
LOUISIANA	11%		10%
MISSISSIPPI	9%		8%
NORTH CAROLINA	12%		9%
SOUTH CAROLINA	10%		9%
TENNESSEE	11%		9%

In the event any Public Service Commission or similarly constituted state or federal regulatory authority determines, in a final order, a rate different from that set forth above, and BellSouth is required to offer such rate to any other party, then the applicable discount shall be such rate.